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State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

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Division Director

Inspection Report

Minerals Regulatory Program

Report Date February 15, 2006

Supervisor AAZ

Mine Name: Asphalt Ridge
Operator Name: Uintah County Road Department

Permit number: M/047/022
Inspection Date: February 9, 2006
Time: 10:45 AM to 12:00 PM

Inspector(s): Paul Baker

Other Participants: Alan Propp and Alberto Santiesteban (Black Sands Energy), Matt Crockett (Pruitt and Gushee representing Wembco and Jim Barnes), Quentin Johnson (Uintah County Road Department), Jim Ableggen (Uintah County Commission)

Mine Status: Active

Weather: Partly cloudy, 30's, 0-6 inches of snow

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages / Erosion Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Water Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Purpose of Inspection:

Black Sands Energy Company has set up a tar sands processing facility on Uintah County's permitted area, and I wanted to see the operation and whether there were any concerns.

Inspection Summary:

4. Deleterious Materials

The tar sands processing operation uses hexane and pentane, and there were 10 barrels of pentane and five barrels of hexane on the site (Photo 4). These were not stored on a lined area, but overland flow would not leave the site. There were also some empty barrels. I confirmed that the Division of Water Quality will not require a permit for this operation, and they did not indicate a liner would be needed for the area where these chemicals are being stored. I also called Darrin Brown of the Tri-County Health Department to let him know about the operation.

12. Other

Equipment brought in for this extraction operation consists of the processing facility (Photo 1), an office trailer (Photo 2), an oil tank (which I was told has never held oil) (Photo 1), an underground tank to hold runoff water from the processing facility, a conveyor (Photo 1), a fuel tank, the pentane and hexane mentioned above, and miscellaneous other equipment and tools.

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The processed sand is being stored on a tarp (Photo 3). I could smell hydrocarbons in the sand, and the people from Black Sands said this was because the sand had not been fully processed to recover all the volatile chemicals.

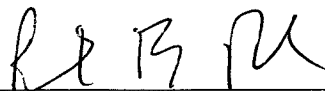
Conclusions and Recommendations:

Black Sands had intended to set up this operation on the permit area for Wembco, but it is definitely in Uintah County's disturbed area. Therefore, Uintah County is ultimately responsible for any problems at this site. I do not believe the county was aware of the potential liability.

Black Sands is required by their lease with the land owner to be completely off the property by March 8, 2006.

This tar sands extraction operation is not included in Uintah County's Notice of Intention to Commence Large Mining Operations, and although the facilities are not permitted, I am reluctant to take enforcement action for the following reasons: 1. Most of the facilities are portable and could be easily removed. 2. This is a temporary situation. 3. The county is trying to promote economic development, including extraction of oil from tar sand. 4. The agreement between the land owner and the operator of the pilot facility is very strict and requires testing of the waste sand for a wider range of parameters than was required by the Department of Environmental Quality for an adjacent operation. 5. The amount of the Board Contract with the county for reclamation of the county's mine area is greater than the liability for reclamation of the mine by \$30,500. This would be adequate for reclamation of these facilities.

Inspector's Signature



Date:

3/13/06

PBB:pb

cc: Quentin Johnson, Uintah County Road Department

Attachment: Photos

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ATTACHMENT

Photographs

M/047/022, Asphalt Ridge Mine, Uintah County Road Department
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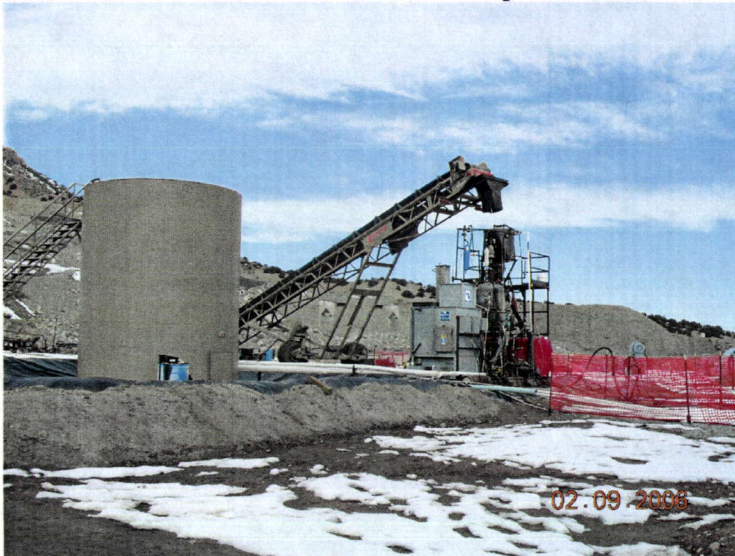


Photo 1. An oil storage tank and processing facility.



Photo 3. Waste sand.



Photo 2. The trailer and some of the other facilities associated with the pilot operation. The conveyor is part of the existing processing operation.



Photo 4. Barrels of pentane and hexane.